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Message Text

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ACTION EA-09

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AMEMBASSY SINGAPORE

UNCLAS BANGKOK 25267

USDOC FOR MEPD

DEPT PLS PASS EXIM FOR KEN WICKETT

E.O. 11652: N/A
TAGS: BEXP, TH
SUBJECT: EXIM FINANCING FOR SALE OF U.S. EQUIPMENT TO
THAI PULP COMPANY

1. WANG THERAVUTH; GENERAL MANAGER, THAI PULP COMPANY LTD. ACCOMPANIED BY BOONSONG SRIFUENGFUNG, PRESIDENT OF THAI PULP, AND PRASIT WONGBOONCHUOICHAI, THAI REPRESENTATIVE OF COMBUSTION ENGINEERING (CE), VISITED THE EMBASSY ON 9/7 TO REQUEST OUR ASSISTANCE IN OBTAINING EXIM FINANCING.

2. THAI PULP IS SEEKING EQUIPMENT FOR ITS 250 TON/DAY BLEACHED PULP (FROM BAMBOO) PLANT SCHEDULED TO BEGIN OPERATION IN 1978. THE PROJECT IS WELL UNDERWAY: A CANADIAN CONSULTING FIRM DID THE FEASIBILITY STUDY AND WILL PROVIDE ENGINEERING CONSTRUCTION SERVICES, AND A SITE NEAR KANCHANABURI (100 KILOMETERS WEST OF BANGKOK) HAS BEEN PURCHASED. CONTRACTS FOR SEVERAL MAJOR PIECES OF EQUIPMENT HAVE ALREADY BEEN SIGNED WITH SWEDISH FIRMS.

3. THAI PULP IS INTERESTED IN THE RECOVERY BOILER MANUFACTURED BY TWO U.S. FIRMS, CE AND BABCOCK WILCOX, AND IN THE WASHING AND BLEACHING PLANT MANUFACTURED BY TWO U.S. FIRMS, DORROLIVER AND IMPCO (INGERSOLL-RAND). THE FORMER EQUIPMENT COSTS APPROXIMATELY
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TWO MILLION U.S. DOLLARS AND THE LATTER APPROXIMATELY THREE MIL-

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LION DOLLARS.

4. THAI PULP HAS ALREADY OBTAINED QUOTES FROM FIRMS IN SWEDEN, FINLAND AND CANADA FOR THIS EQUIPMENT, AS WELL AS FINANCING TERMS FROM THESE COUNTRIES' GOVERNMENT FINANCING INSTITUTIONS. IT IS ANXIOUS TO OBTAIN SIMILAR INFORMATION AS SOON AS POSSIBLE FROM THE U.S.

5. WE UNDERSTAND CE AND DORR-OLIVER HAVE APPROACHED EXIM FOR PRELIMINARY COMMITMENTS, BUT THAT EXIM THUS FAR HAS NOT RESPONDED FAVORABLY. WANG SAID HE HAS HEARD THAT THIS MAY BE DUE TO EXIM'S RECENT PROBLEMS WITH SIAM KRAFT PAPER CO., AND ARGUED THAT HIS PROJECT WILL IMPROVE THE SITUATION OF SIAM KRAFT BY SUPPLYING IT WITH PULP WHICH IT NOW MUST IMPORT.

6. WE REQUEST THAT EXIM REVIEW THE APPLICATIONS BY CE AND DORR-OLIVER, AS WELL AS STUDY ANY FUTURE REQUESTS BY BABCOCK-WILCOX AND IMPCO SO THAT THEY MAY BE GRANTED PC'S AS SOON AS POSSIBLE. MR. WANG SAID HE PLANS TO TRAVEL TO THE U.S. SOON TO VISIT THESE FIRMS WITH A VIEW TOWARD FINALIZING THE PURCHASES BEFORE THE END OF THIS YEAR.

7. COMMENT: ALTHOUGH MR. WANG HAS OBTAINED QUOTATIONS FROM OTHER COUNTRIES, HE INDICATED A STRONG INTEREST IN BUYING A U.S.-MADE RECOVERY HOILER AND WASHING/BLEACHING PLANT. HOWEVER, HE SAID HIS FIRM MUST COMPARE THE WHOLE PACKAGE INCLUDING FINANCING BEFORE MAKING A DECISION. THIS IS A GOOD OPPORTUNITY TO SELL FIVE MILLION DOLLARS WORTH OF U.S. EQUIPMENT FOR THIS MAJOR PROJECT WHICH, WANG SAID, WILL EXPAND IN THE FUTURE.

8. FOR USDOC: PLEASE CONTACT PETER MIHAN, INTERNATIONAL SALES, CE, GRANBY, CONN., AND OFFER ASSISTANCE.

9. WE WOULD APPRECIATE BEING INFORMED OF EXIM'S DECISION.
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